

New gTLDs and Their Hidden Costs (Part 2)

In my last post I discussed some questions that remain about ICANN's gTLD budget. Today I discuss the rights protections mechanisms as they currently appear.

An economic study commissioned ICANN to analyze the new gTLD process recently concluded that “the biggest likely costs” of approving new gTLDs are “consumer confusion and trademark protection.”

Large businesses have complained about the possibility of defensive registration or applying for new gTLDs only to prevent others from owning domain names associated with a trademark. Advocates of new gTLDs answer that trademark owners are holding up the whole process over a phantom issue. They point to studies showing that trademark owners seldom register for domain names with all available TLDs.

Whether defensive registrations will become widespread or even regarded as commercially necessary is a matter of educated guesswork. What is clear, however, is that past registration patterns do not tell us much about how registration patterns will unfold for new gTLDs. Existing TLDs are unlike new gTLDs in at least two ways. First, domain name registrations are driven by online traffic patterns, and today's patterns tell us too little about how the introduction of new gTLDs will affect online habits. Second, there is only one .microsoft or .toyota. Ownership of that space is, by nature of the DNS, unique. The uniqueness of that space and its correspondence to the trademark name make a trademark owner's business need to own it qualitatively different from the need to own multiple iterations of a trademark name like canon.info.

ICANN has responded to these and similar concerns by providing rights protection mechanisms for trademark owners in its Draft Applicant Guidebook, Version 4 (DAG4). The Trademark Clearinghouse is intended to gather in one database the relevant information on marks whose authenticity can be validated and to make that information available for use in resolving trademark disputes over the delegation of new gTLDs. A legal rights objection can be made to a gTLD application during the evaluation process. Depending on the strength of that claim, an application can be rejected. These pre-delegation remedies are supplemented by post-delegation processes. For “slam-dunk” cases of trademark infringement, a mark owner can obtain relief through the draft Uniform Rapid Suspension System. More fact-intensive challenges can be submitted to the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP).

Whether these remedies will discourage cybersquatters and other abusive applicants remains to be seen. Uncertainties surrounding the legal rights objection process and the PDDRP have already given rise to significant chatter about the likelihood of litigation—against ICANN.

Additional concerns are not clearly addressed by DAG4 but would benefit from further discussion.

DAG4's model applicant intends to operate a gTLD for legitimate purposes and has the technical and financial capacity to operate a TLD without disrupting the DNS. But its point system does not definitively say how ICANN will resolve contests between equally legitimate applicants for linguistically identical strings. Should ICANN delegate .apple to Apple Corporation or the Washington Apple Growers' Association? The word "apple" captures both of their livelihoods. Legitimacy does not distinguish them, and it would be unfair to label the apple growers cybersquatters simply because they would demand payment to give up valuable cyberspace if they got there first. So what standard decides their dispute?

Other problems left unaddressed by DAG4 will affect charities and churches.

The American Red Cross may have to spend hundreds of thousands of dollars that might have gone to feed and shelter disaster victims, if it wants to be certain of preserving .redcross from use by others. The SO/AC Working Group's ideas about how to support such organizations deserve serious consideration.

Churches face thorny questions of their own. Deciding who gets .catholic or .islam is difficult because of intra-faith conflicts. But even tougher problems come when an organization like a church wants to keep its name unused. Should the Vatican have to pay to prevent use of .catholic in a way that would tarnish the church's reputation? Suppose that a pornographer applied for .catholic and that he satisfied all background checks. DAG4 doesn't necessarily rule him ineligible for ownership of that domain based on the nature of his business alone. Neither the "community standard" or "morality and public order" objections are objective enough to assure an entity in the Vatican's position of avoiding misuse of its name. DAG4 doesn't really anticipate the problems posed by an organization whose reputation is associated with a name but that has no trademark rights and no intention of operating a TLD. Out of caution, wealthier churches might decide to buy new gTLDs, only to prevent the misuse of their names and not for any commercial advantage. For them, sitting by while sites like [offensive phrase.catholic] become the fruit of ICANN's land rush would be too great a cost to bear.